300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

June 28, 2019

Via email Tony.Ganzer@ideastream.org

Mr. Tony Ganzer
Host/Producer
Ideastream

Dear Mr. Ganzer:

Thank you for your June 27, 2018 inquiry concerning USHEALTH Advisors, LLC ("Advisors") and the products it offers.

From your correspondence and inquiries below, it appears that you may not have a full and complete background concerning Advisors and the products it offers in the state of Ohio where you are based, and — although we understand you may not recall doing so — apparently completed some type of lead form through which you requested that one or more independently contracted agents of Advisors contact you to explore coverage options. That is what triggers calls and/or emails from our agents. Accordingly, we provide the following additional background, and hope that you will incorporate the same to provide a fair and accurate depiction of the products offered by Advisors.

By way of background, Advisors is a licensed insurance agency in Ohio and elsewhere, and sells life, health and accident insurance products offered by licensed insurance carriers. The products it offers are fully lawful under both state and federal law. Specific to your home-state of Ohio, the individually underwritten products we sell in your state not only comply with all aspects of Ohio law, but the insurance forms and rates were filed with and approved by the Ohio Department of Insurance before they were offered in Ohio.

Our products serve an important space in the market, and are specifically attractive to sole-proprietors, self-employed individuals, small business owners, and other individuals who are otherwise not eligible for traditional employer-sponsored group health insurance coverage. While these individuals could participate in the "exchanges" or "marketplace" created under the Patient Protection and Affordable Care Act ("ACA"), their income often exceeds four times the federal poverty line, meaning they are not eligible for any type of federally subsidized premium tax credits or cost-sharing reductions for ACA coverage. In other words, they must bear the full-cost of their coverage, whether through an ACA exchange, or from alternative sources.

300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

Without the benefit of federal subsidies, many of these individuals find that they cannot afford ACA-coverage through the exchange, the cost of which has increased significantly each year since it was first introduced in 2014.

In addition to high cost of ACA-compliant coverage, many of these individuals are likewise disappointed in the lack of provider-choice available under ACA-individual market plans. As you are likely aware, most carriers that participate in the ACA-exchange market have very limited provider networks (typically comprised of medical providers who are willing to provide low-cost services), and impose significant penalties if an insured seeks medical care from a non-network provider. ACA-insureds often find that their family physician is not in the network, and likewise find that many of the more popular local hospital systems and recognized centers of treatment excellence are likewise not included in the ACA plan's network.

Finally, in addition to the fact many of these individuals cannot afford the high cost of the ACA plan coverage, they likewise find they cannot afford the high deductibles and out-of-pocket requirements of the ACA-plans. In this regard, for plan year 2019 in the state of Ohio, the average "bronze" plan deductible was $6,258, and the average out-of-pocket was $8,000, meaning that for any type of sickness or accident, in addition to the significant premium, the insured must also bear the full $8,000 out-of-pocket expense before any benefits are provided under the ACA-plan.

In view of the fact many individuals simply cannot afford the high premiums associated with ACA plans, and likewise must "self-insure" the very high cost of the ACA's maximum out-of-pocket exposures, coupled with the very limited and narrow provider networks (that often exclude their preferred provider or hospital system), many of these individuals may simply elect to forego coverage altogether, or seek alternatives or supplemental coverage.

Advisors does not currently offer any of these ACA-type plans. Instead, it offers products that are not subject to the requirements of the ACA, but are otherwise fully compliant with all aspects of state and federal law. These products include, without limitation, specified disease coverage, accident-only coverage, fixed-indemnity coverage, term-life with accelerated critical illness benefits, as well as vision and dental coverage.

In contrast to ACA-plans with high out-of-pocket maximums that must be satisfied before any benefits are paid, the flagship products offered through Advisors provide "first dollar" coverage up to specified limits, without imposition of any type of deductible or other type of out-of-pocket expense. Moreover, unlike the limited provider networks associated with ACA-plans (and expensive penalties if the insured receives treatment from a non-network provider), the flagship products offered by Advisors include access to a very broad, national network of providers that typically includes not only the individual's established provider, but also regional and national centers of excellence.

USHEALTH ADVISORS
300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

In short, Advisors' serves a clientele that has generally been priced out of the ACA market, or which is looking to supplement their existing ACA-coverage. While our products are not for every need or situation, many individuals find great value in the products we offer.

Our products are sold by independently contracted agents. In order to promote consumer understanding of our products, and specifically the benefits and limitations of the coverage, as well as the fact it is not subject to the ACA, and does not constitute "minimum essential coverage" under the ACA, we have implements a "belt and suspenders" approach to agent education and consumer disclosures, all of which is intended to promote consumer education and understanding. This specifically includes, without limitation, the following measures designed to ensure consumer understanding:

1. Rigorous **agent training and certification requirements** before any product is presented. This specifically includes completion of written curriculum related to the product, as well as passage of certification test, in addition to hands-on, one-one training;

2. **The company has implemented detailed, company-approved product brochures** that must be used during the sales presentation, and that are replete with notices concerning the coverage, its limitations, and the ACA. These brochures provide a detailed description of the coverage, its limitations, and the fact it is not subject to the ACA, nor does it constitute "minimum essential coverage" under the ACA;

3. **The insurance application and enrollment forms that are likewise replete with consumer notices** concerning the ACA, among other matters;

4. To further reinforce the sales presentation, and promote consumer understanding, the insurance carrier has implemented an automated process that **automatically emails a copy of the application and copies of pertinent brochures** to all applicants immediately upon receipt of an application for insurance;

5. The home office of the insurance carrier conducts a **recorded application verification call** with the applicant that also includes pertinent notices, including the fact that the coverage is not subject to the ACA, and is also subject to limitations and exclusions. If the consumer expresses any type of misunderstanding or requests clarification during the call, the application process is stopped immediately, and will not proceed until the applicant fully understands the area about which they inquired;

6. Upon issuance coverage, the insurance company provides fulfillment materials that provide further consumer disclosures and pertinent information to consumers, and which likewise fully explain the benefits and limitations of the coverage; and

300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

7. The insurance company provides a **thirty (30) day "free look" period** during which the consumer can return the coverage for a full refund for any reason if they are not completely satisfied.

The "belt and suspenders" approach to consumer education described above far-exceeds the minimum requirements of the law, as well the disclosures made by many other participants in the market. They are specifically designed to ensure that consumers are fully informed on product features, including benefits, limitations, and the fact the coverage is not subject to the ACA, nor does it constitute "minimum essential coverage" under the ACA.

With that as background, we provide the following answers to your specific inquiries. For ease of reference, we have restated each of your inquiries followed by our response to the same.

INQUIRY: How do you respond to losing BBB accreditation?

RESPONSE: Thank you for asking, because we believe by the time you read the rest of this background information you'll have a different perspective on the alleged issue.

When Advisors was in its infancy, the company made a strategic decision to not only join but become an accredited member of the BBB. In 2013, Advisors achieved BBB accredited status, and maintained an "A+" rating from 2013 through 2017.

At the time Advisors joined the BBB in 2013, the relationship was managed by the BBB's Fort Worth, Texas affiliate. Through the years, we enjoyed a positive relationship with the Fort Worth BBB staff, which included periodic, reciprocal office visits to not only maintain the relationship, but also address any issues that arose.

For reasons unknown to us, in late 2016 / early 2017, the BBB shut down its Fort Worth office, and transferred our account to the Austin, Texas regional office, which thereafter handled and administered our account, including processing all inquiries/complaints that were submitted by consumers nationwide. It was after the account was transferred to the Austin office of the BBB that the relationship took an unfortunate downhill turn.

In this regard, beginning in 2017, the Austin bureau placed our account under "review", and removed the "A+" rating we had enjoying for the preceding four (4) years. One of the BBB's initial concerns related to their identification of some of our independently contracted sales agents who posted positive reviews on the BBB's website, and which the BBB believed to be a violation of their policy.

We investigated and determined that each of the agents that posted a review was actually an insured/customer. In other words, the reviews were factual, and posted by actual

USHEALTH ADVISORS
300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

customers. That said, to assuage the BBB's concerns, we advised we would not allow future agent reviews, even though they were verified insureds.

With that as background (and presumably tainting the BBB's perspective), in November, 2017, the Austin BBB sent a letter advising that they had identified a perceived "pattern" of consumer misunderstanding of coverage benefits, as well as the ACA tax penalty. The BBB also again raised the issue of agent reviews on their website.

The company fully responded to these allegations, and among other things, explained the "belt and suspenders" approach described above that it takes to agent education and consumer disclosure, all of which is designed to promote consumer understanding of the products, including their benefits, limitations, and the fact it is not subject to the ACA, and does not qualify as "minimum essential coverage" under the ACA. In this regard, in order to ensure proper education of agents and consumers alike, the company has implemented the following protocols, which far exceed not only the minimum requirements of the law, but also the efforts undertaken by most other market competitors. These include, without limitation, the following:

1. Rigorous **agent training and certification requirements** before any product is presented. This specifically includes completion of written curriculum related to the product, as well as passage of certification test, in addition to hands-on, one-one training;

2. **The company has implemented detailed, company-approved product brochures** that must be used during the sales presentation, and that are replete with notices concerning the coverage, its limitations, and the ACA. These brochures provide a detailed description of the coverage, its limitations, and the fact it is not subject to the ACA, nor does it constitute "minimum essential coverage" under the ACA;

3. **The insurance application and enrollment forms that are likewise replete with consumer notices** concerning the ACA, among other matters;

4. To further reinforce the sales presentation, and promote consumer understanding, the insurance carrier has implemented an automated process that **automatically emails a copy of the application and copies of pertinent brochures** to all applicants immediately upon receipt of an application for insurance;

5. The home office of the insurance carrier conducts a **recorded application verification call** with the applicant that also includes pertinent notices, including the fact that the coverage is not subject to the ACA, and is also subject to limitations and

USHEALTH ADVISORS
300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

exclusions. If the consumer expresses any type of misunderstanding or requests clarification during the call, the application process is stopped immediately, and will not proceed until the applicant fully understands the area about which they inquired;

6. Upon issuance coverage, the insurance company provides fulfillment materials that provide further consumer disclosures and pertinent information to consumers, and which likewise fully explain the benefits and limitations of the coverage; and

7. The insurance company provides a **thirty (30) day "free look" period** during which the consumer can return the coverage for a full refund for any reason if they are not completely satisfied.

Additionally, the BBB's alleged "pattern" of complaints was based solely on raw numbers (while ignoring whether the complaints were justified, as well as the significant growth of the company that accounted for the numerical increase). Contrary to the BBB's allegations, the reality is that our BBB complaint numbers actually decreased when compared to our growth.

Because we viewed the BBB's precipitous and unilateral action to be wholly unjustified, we appealed the matter to their Board of Directors, which appeal was heard by their Board on September 27, 2018.

Although there were a number of important issues to present to the BBB, they unfortunately only allowed us twenty (20) minutes to make our presentation to the Board, and thereafter the BBB staff had their own "executive session" with the Board which we were not allowed to attend.

In the allotted twenty minutes, we presented the essential elements of our case, including, without limitation, the fact that our BBB complaint numbers have actually decreased when compared to our growth, the fact that we fall well below the regulatory standard of 1:1,000 complaints per insured, as well as the robust agent training and consumer education process we have in place. This specifically included a discussion of our agent training and certification requirements, company-approved brochures which clearly and repeatedly set forth pertinent coverage features, application forms and notices that accompany the application, the automatic email with a link to the product brochure(s) that is sent immediately on receipt of an application, and the recorded application verification call the company conducts that includes further consumer notices, as well as fail-safe mechanism that stops the application process if the consumer expresses confusion or misunderstanding during the verification call.

300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

As part of the presentation, we also included excerpts from videotaped interviews with two former insurance regulators (a former Director of Insurance from Arizona, as well as a retired Deputy Commissioner from Texas), as well as a seasoned insurance regulatory attorney. All three expressed their informed belief that the company's practices exceeded not only the requirements of the law, but also our competitors, and further stated there was nothing in complaint numbers to indicate there was a "pattern" as alleged, and further, that if there were such a "pattern", no state regulator would allow it to continue (and no state regulator has made any such finding).

Notwithstanding these arguments, by correspondence under date of October 5, 2018, the BBB advised that the Board had voted to uphold the accreditation revocation determination. This means that the BBB's notice of revocation will remain on their website until June 29, 2019, which is one year following the original revocation determination.

We remain disappointed with the BBB's actions, and maintain to this day they were not justified. However, because the matter will be removed from the BBB's website prior to June 29, 2019, rather than pursue litigation against the BBB for its arbitrary and capricious actions, we took a conciliatory approach.

In view of the foregoing, and the fact we do not believe the BBB's actions are grounded in fact, and that the matter should be removed from their website prior to June 29, 2019, we do not believe it is appropriate to include this inflammatory and unsubstantiated matter in your proposed article.

We disagree with the BBB's arbitrary and capricious action to revoke Advisors' accreditation, and believe it is contrary to the well-established facts at issue in that case. In addition to the fact that the loss of accreditation was not supported by facts or evidence, it should also be noted that it was communicated to Advisors on June 29, 2018.

It is our understanding that, under the BBB's bylaws, the loss of accreditation will be removed from our record on or before June 29, 2019 (i.e., tomorrow). In view of the foregoing, we believe that any presentation in your piece of the BBB's actions would not only be contrary to the facts, but would exacerbate a situation that, per the BBB's own bylaws, will be fully resolved and removed from our record as of tomorrow.

Moreover, while we valued our prior relationship with the BBB, that relationship is of far less significance than our relationship with state regulators, with whom we maintain positive relationships. As you are likely aware, state regulators actively monitor insurer conduct in their jurisdiction, and have enforcement authority to correct perceived problems. Although state regulators closely monitor conduct and complaints, no state regulator has

300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

ever (i) mentioned the decision by the BBB, nor (ii) made any type of finding similar to the BBB's revocation allegations.

INQUIRY: What do you say to other health insurance agents who don't think your products, tactics, and information are serving the best interests of customers?

RESPONSE: The "other health insurance agents" you mention are our competitors, of course some of them are going to be critical. The criticism is demonstrably false.

However, here are the facts.

As indicated above, the products we offer are fully lawful under both state and federal law. In the state of Ohio, the products and rates are filed with and approved by the Ohio Department of Insurance before they are brought to market.

With regard to "tactics" employed by our sales representatives, our expectation – as well as contractual requirements – is that all agents will comply with all applicable laws in connection their presentations, and will likewise fully and thoughtfully explain the products to the prospective insured, so that they are provided a description of applicable benefits and limitations of the coverage, as well the fact the coverage does not constitute "minimum essential coverage" under the ACA.

Additionally, in order further promote consumer understanding, we take a "belt and suspenders" approach to consumer disclosure, that not only exceeds the minimum requirements of the law, but also the disclosures made by other companies that may view themselves as "competitors". This "belt and suspenders" approach includes, without limitation, the following:

1. Rigorous **agent training and certification requirements** before any product is presented. This specifically includes completion of written curriculum related to the product, as well as passage of certification test, in addition to hands-on, one-one training;

2. **The company has implemented detailed, company-approved product brochures** that must be used during the sales presentation, and that are replete with notices concerning the coverage, its limitations, and the ACA. These brochures provide a detailed description of the coverage, its limitations, and the fact it is not subject to the ACA, nor does it constitute "minimum essential coverage" under the ACA;

USHEALTH ADVISORS
300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

3. **The insurance application and enrollment forms that are likewise replete with consumer notices** concerning the ACA, among other matters;

4. To further reinforce the sales presentation, and promote consumer understanding, the insurance carrier has implemented an automated process that **automatically emails a copy of the application and copies of pertinent brochures** to all applicants immediately upon receipt of an application for insurance;

5. The home office of the insurance carrier conducts a **recorded application verification call** with the applicant that also includes pertinent notices, including the fact that the coverage is not subject to the ACA, and is also subject to limitations and exclusions. If the consumer expresses any type of misunderstanding or requests clarification during the call, the application process is stopped immediately, and will not proceed until the applicant fully understands the area about which they inquired;

6. Upon issuance coverage, the insurance company provides fulfillment materials that provide further consumer disclosures and pertinent information to consumers, and which likewise fully explain the benefits and limitations of the coverage; and

7. The insurance company provides a **thirty (30) day "free look" period** during which the consumer can return the coverage for a full refund for any reason if they are not completely satisfied.

In sum, we believe our products serve a very important market in Ohio and elsewhere, and are fully compliant with all applicable law. Moreover, our "belt and suspenders" approach to compliance is designed to promote full consumer understanding of the products, including their benefits and limits, as well as the fact they are not subject to the ACA, and do not constitute "minimum essential coverage" under the ACA. These disclosures far exceed not only the minimum requirements of the law, but also those implemented by many who may consider themselves to be competitors.

INQUIRY: Your plans have been described by a former USHealth agent as hybrid plans. Other agents called them catastrophic plans with added features. How would you describe them, and how they exist outside of ACA requirements?

RESPONSE: The flagship suite of products we offer include individually underwritten specified disease coverage, accident-only coverage, as well as various other supplementary coverages, including term life with accelerated critical illness benefits, vision and dental. We also offer optional riders to certain coverages that, if purchased, allow the insured to obtain additional, comprehensive coverage, even after a claim event, and without evidence of insurability, which provides the insured with an invaluable "safety net" in the event of a catastrophic claim situation.

300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

All of these products have been fully lawful in the state of Ohio and elsewhere for decades.

With regard to federal law, each of these products was specifically exempted from federal law as part of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as they constitute "excepted benefits" products. In this regard, HIPAA specifically implemented 42 U.S.C.A. § 300gg-63, which provides that "the requirements of this part shall not apply to any health insurance coverage in relation to its provision of excepted benefits described in section 300gg-91(c)(1) of this title." [emphasis added]. This section further provides that "the requirements of this part shall not apply to any health insurance coverage in relation to its provision of excepted benefits described in paragraph (2), (3), or (4) of section 300gg-91(c) of this title if the benefits are provided under a separate policy, certificate or contract of insurance."

As you are likely aware, the ACA built upon the existing federal regulatory structure established by HIPAA (and the Public Health Safety Act of into which both HIPAA and the ACA were incorporated). In this regard, the ACA expressly provides that "[u]nless specifically provided for otherwise, the definitions contained in section 2791 of the Public Health Service Act (42 U.S.C. § 300gg–91) shall apply with respect to this title." Pub. L. No. 111-148, at §1551.

In this regard, the ACA did attempt to change the definition of any type of "excepted benefit" product in 42 U.S.C.A. §300gg-91, nor did the ACA change the broad exemption of federal law to any type of "excepted benefit" product set forth at 42 U.S.C.A. §300gg-63.

Instead, as a matter of law dating back to the exemption first set forth in HIPAA in 1996, these types of products are not subject to federal law, including the ACA. Instead, as has historically been the case with insurance regulation, these products are subject to the laws of the states in which they are offered, and fully comply with the same.

INQUIRY: Has the loosening of rules by the Trump administration made your business change in any way? One change allowed short-term plans to be on offer for 364 days, for example.

RESPONSE: The answer to your first question is, "No." As indicated above, the products we currently offer have been exempt from federal law dating back to HIPAA in 1996, and were not impacted by the ACA. We are not currently offering any stand-alone short-term plans in the state of Ohio, and therefore have not been impacted by changes the Trump administration made to that regulation.

USHEALTH ADVISORS
300 Burnett Street, Suite 200, Fort Worth, Texas 76102
817-878-3300

INQUIRY: Can you tell me your average MLR?

RESPONSE: We assume your reference to MLR is to the minimum "medical loss ratios" under the ACA? Because the products we offer are not subject to the ACA, they are not subject to the ACA's MLR requirements. Instead, our products are regulated at the state level, and comply with all applicable state-specific rating requirements including, to the extent applicable, any type of minimum or expected loss ratios. The actual loss ratios associated with our products is proprietary data for our privately held firm and hence we do not release it.

INQUIRY: Anything else you'd like to say to critics of your business, tactics, and products?

RESPONSE: The products we provide serve a very important segment of the market that is generally dissatisfied with ACA-coverage options due to the (i) high premiums, (ii) high out-of-pocket maximums, and (iii) limited networks.

In contrast, our products provide a reasonably priced option for consumers. The flagship products include access to a comprehensive national network of providers that far exceeds that typically offered through the ACA, or by our competitors. Equally important, our flagship products provide first dollar coverage up to specified limits, without application of high deductibles or other out of pocket maximums, and the optional riders permit the insured to obtain more comprehensive coverage, even after the time of claim if needed.

That said, because they are individually underwritten, and are not subject to the ACA, our products are not for everyone. For this reason, we have implemented the robust education and disclosure systems described above, each of which is intended to ensure that the consumer fully understands the benefits, limitations, and the fact the coverage is not subject to the ACA.

We trust this fully responds to your inquiries, and will assist you in presenting a fair and objective presentation of our company and the products it offers. However, should you have any questions or require additional assistance, please do not hesitate to contact me.

Very truly yours,

/s/ Bill Shelton

Bill Shelton